

1 UNITED STATES BANKRUPTCY COURT

2 SOUTHERN DISTRICT OF NEW YORK

3 Case No. 08-13555-jmp

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5 In the Matter of:

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7 LEHMAN BROTHERS HOLDINGS, INC.,

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9 Debtors.

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13 U.S. Bankruptcy Court

14 One Bowling Green

15 New York, New York

16

17 November 29, 2012

18 10:06 AM

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20 B E F O R E :

21 HON JAMES M. PECK

22 U.S. BANKRUPTCY JUDGE

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Hearing re: Final Applications of Retained Professionals
for Final Allowance and Approval of Compensation for
Professional Services Rendered and Reimbursement of Actual
and Necessary Expenses Incurred from September 15, 2008 to
March 6, 2012 [See ECF No. 31939]

Transcribed by: Nicole Yawn

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1 P R O C E E D I N G S

2 THE COURT: Be seated, please. Good morning.

3 MR. MILLER: Morning, Your Honor.

4 THE COURT: Good morning.

5 MR. MILLER: Harvey Miller and Garrett Fail, on
6 behalf of Weil Gotshal, for the debtors.

7 Your Honor, this is one of those unique hearings
8 in this -- in these cases in which everything's uncontested.
9 It's primarily -- in fact, it's totally, Your Honor, in
10 connection with applications for allowances of compensation.
11 If I might, Your Honor, I'd like to make a few comments.

12 THE COURT: That's fine.

13 MR. MILLER: Because of the very high profile of
14 the Lehman Chapter 11 cases, there has been significant
15 public comment about the size of the fees charged by
16 professionals in these cases amounting to over \$2 billion.
17 As is usually the case, much of the comment has been made
18 without any factual basis or recognition of what actually
19 happened in the administration of these Chapter 11 cases.

20 As almost universally recognized and acknowledged,
21 is these cases fall into the unique category. The aggregate
22 of fees and expenses charged by professionals and
23 administrators are undeniably large, but they must be
24 considered in the perspective of the size and complexity of
25 these Chapter 11 cases and the results which have been

1 achieved.

2 As the Court is well-aware, since the effective
3 date, over 30-odd billion dollars has been distributed to
4 holders of allowed claims. Just a few days ago, the media
5 lit up with information that the reorganized debtors had
6 entered into agreements to sell a major real estate asset
7 known as Archstone to private investors for an amount in
8 excess of \$6.5 billion, an amount I might tell Your Honor
9 that is substantially in excess of the value attributed to
10 that asset in 2009.

11 The total assets of these Chapter 11 cases -- or
12 the debtors, Your Honor, are projected to exceed \$60
13 billion. The results achieved and, in some respects, the
14 miraculous recoveries, were the result of extraordinary hard
15 work, diligence, perseverance, and innovative professional
16 work by attorneys, financial advisers, accountants, and the
17 statutory creditors' committee.

18 As the Court has noted, the acceptance level of
19 the Chapter 11 plans was astounding, and, to a large extent,
20 the cases were administered without an abundance of
21 expensive, protracted, and vexatious litigation. It all has
22 been a remarkable tribute to the Court, the debtors, the
23 creditors' committee, and the professionals. There have
24 never been cases like these cases, and I doubt, Your Honor,
25 that there will be cases like this again. I hope, at least,

1 not in the near future.

2 THE COURT: Certainly, not in my lifetime.

3 MR. MILLER: You never know, Your Honor. You
4 never know when you read the newspaper every morning.

5 It is in the context that aggregate professional
6 fees and expenses requested must be considered and allowed.
7 There really cannot be any rational major objection to the
8 professional fees and expenses requested and previously
9 reviewed and sanitized by the fee committee. The results
10 achieved will more than justify the conclusion that such
11 requests are reasonable, particularly, Your Honor, when you
12 compare these applications that are being considered by
13 Your Honor to the applications that were made for
14 substantial contribution under section 503(b), all of which
15 applications were allowed in full and even in respect of
16 items which the fee committee has objected to with respect
17 to various applications.

18 So, Your Honor, from the standpoint of the
19 debtors, Alvarez & Marsal and all the people that worked on
20 these cases, we believe the results were outstanding and
21 really demonstrated that the bankruptcy system can work in
22 the most extraordinary cases and that this has to go down in
23 the records as a very successful case, and, from the
24 debtors' perspective, Your Honor, the applications that are
25 on file today to be heard by Your Honor should be allowed as

1 requested, subject to the adjustments which were made in
2 connection with the fee committee.

3 Thank you, Your Honor.

4 THE COURT: Thank you, Mr. Miller.

5 MR. GITLIN: Good morning, Your Honor.

6 THE COURT: Mr. Gitlin, good morning.

7 MR. GITLIN: Richard Gitlin, chairman of the fee
8 committee.

9 Your Honor, we appeared before you on
10 November 14th with 25 of the professional final
11 applications, which Your Honor approved, which were the
12 result of negotiations, successful negotiations with the fee
13 committee. That left 21 professionals that were set for
14 today, Your Honor, and I'm just so pleased to report to the
15 Court that all 21 have reached agreement with the fee
16 committee.

17 You know, as I said last time, Your Honor, and --
18 and I think Mr. Miller said it better than I said it, but I
19 said last time this was a remarkable professional effort, to
20 have this case done in three years, to have a case of this
21 complexity and this size, which is by far the biggest ever
22 in Chapter 11, resolved as successfully as has with this
23 amount distributed to creditors is a remarkable tribute to
24 the professionals who handled this case, but again, as I
25 said last time, Your Honor, what was more -- impressed me

1 was their professionalism and their civility in dealing with
2 the fee committee.

3 It's not easy when you've been so successful with
4 such a difficult case to have a fee committee come and say
5 we'd like to talk about these adjustments in your fees. In
6 fact, it's very difficult, Your Honor, but they -- they
7 responded with remarkable professionalism, which is why we
8 can report to the Court all 46 professionals have reached
9 agreement with the fee committee. So I would ask Your Honor
10 to approve the final 21 applications as filed in the report,
11 Your Honor.

12 THE COURT: Mr. Gitlin, thank you.

13 I'm just going to repeat what I said last time
14 more by incorporation by reference than complete repetition
15 of what I said, but I am gratified at the success of the fee
16 committee under your leadership in working out consensual
17 resolutions of potential disputes with certain of the
18 professionals and developing a transparency as to the
19 process that is admirable. These cases, which were resolved
20 in a consensual confirmation hearing almost a year ago,
21 represent one of the most remarkable results, I think, ever
22 achieved in the history of insolvency law anywhere, and I
23 should probably amend that and say not one of the most
24 remarkable, but perhaps the shining example of the most
25 remarkable outcome ever achieved.

1 The stars that aligned to produce that result are
2 hard to fully identify now, but one thing is clear. The
3 United States bankruptcy system, as applied to this truly
4 once-in-a-lifetime insolvency case, worked in a manner that
5 I think is a model that can be looked to with pride and
6 that, I believe, represents an example of how the bankruptcy
7 system, with some possible tweaks and adjustments, could
8 turn out to be the one best way for resolution of
9 significant financial institutions and other similar
10 enterprises in the future.

11 One of the aspects of this case that I think is
12 truly admirable and remarkable is the role played by the fee
13 committee throughout this process, and, as I said two weeks
14 ago, I commend you and your counsel and the other members of
15 the fee committee for the work that you have performed, not
16 only on an application-by-application basis, but
17 holistically as it relates to all of the retained
18 professionals and for purposes of providing enhanced
19 credibility with respect to the fee process in this highly
20 visible environment, and so, I thank you for your work, and
21 I approve all of the applications as adjusted.

22 MR. GITLIN: Thank you very much, Your Honor.

23 THE COURT: Is there anyone else who wishes to be
24 heard at this point?

25 In that case, this is a very brief hearing, and I

1 congratulate you all and wish you a happy holiday season.
2 We're adjourned.

3 MR. MILLER: Thank you, Your Honor.

4 MR. GITLIN: Thank you, Your Honor.

5 (Proceedings concluded at 10:16 a.m.)
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I N D E X

RULING

	Page	Line
Final Applications of Retained Professionals	10	20

C E R T I F I C A T I O N

I, Nicole Yawn, certify that the foregoing transcript is a
true and accurate record of the proceedings.

Nicole
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